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Nov. 1968

COOPERATION AGREEMENT

This Agreement entered into this _____ day of _____, 196__, by and between _____ (herein called the "Local Authority") and _____ 1/ (herein called the "Municipality"), witnesseth:

In consideration of the mutual covenants hereinafter set forth, the parties hereto do agree as follows:

1. Whenever used in this Agreement:

(a) The term "Project" shall mean any low-rent housing hereafter developed as an entity by the Local Authority with financial assistance of the United States of America acting through the Secretary of Housing and Urban Development (herein called the "Government"); excluding, however, any low-rent housing project covered by any contract for loans and annual contributions entered into between the Local Authority and the Government, or its predecessor agencies, prior to the date of this Agreement.

(b) The term "Taxing Body" shall mean the State or any political subdivision or taxing unit thereof in which a Project is situated and which would have authority to assess or levy real or personal property taxes or to certify such taxes to a taxing body or public officer to be levied for its use and benefit with respect to a Project if it were not exempt from taxation.

(c) The term "Shelter Rent" shall mean the total of all charges to all tenants of a Project for dwelling rents and nondwelling rents (excluding all other income of such Project), less the cost to the Local Authority of all dwelling and nondwelling utilities.

(d) The term "Slum" shall mean any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

2. The Local Authority shall endeavor (a) to secure a contract or contracts with the Government for loans and annual contributions covering one or more Projects

comprising approximately 2/ units of low-rent housing and (b) to develop and administer such Project or Projects, each of which shall be located within the corporate limits of the Municipality. The obligations of the parties hereto shall apply to each such Project.

3. (a) Under the constitution and statutes of the _____ of _____, 3/ all Projects are exempt from all real and personal property taxes and special assessments 4/ levied or imposed by any Taxing Body. With respect to any Project, so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes, or (ii) any contract between the Local Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the Municipality agrees that it will not levy or impose any real or personal property taxes or special assessments 4/ upon such Project or upon the Local Authority with respect thereto. During such period, the Local Authority shall make annual payments (herein called

"Payments in Lieu of Taxes") in lieu of such taxes and special assessments 4/ and in payment for the Public services and facilities furnished from time to time without other cost or charge for or with respect to such Project.

(b) Each such annual Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project, and shall be in an amount equal to either (i) ten percent (10%) of the Shelter Rent actually collected but in no event to exceed ten percent (10%) of the Shelter Rent 9/ charged by the Local Authority in respect to such Project during such fiscal year 6a/ at the time when real property taxes on such Project would be paid if it were subject to taxation, and shall be in an amount equal to either (i) ten percent (10%) of the Shelter Rent actually collected but in no event to exceed ten percent (10%) of the Shelter Rent 9/ charged by the Local Authority in respect to such Project during the 12 months' period ending before such payment is made 7, 6b/ or (ii) the amount permitted to be paid by applicable state law in effect on the date such payment is made, whichever amount is the lower. 7 5a/

~~(b)~~ Each such annual Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project, and shall be in an amount equal to either (i) ten percent (10%) of the Shelter Rent actually collected but in no event to exceed ten percent (10%) of the Shelter Rent 9/ charged by the Local Authority in respect to such Project during such fiscal year, or (ii) the amount by which the real property taxes which would have been paid to all Taxing bodies for such fiscal year if such Project were not exempt from taxation exceeds twenty percent (20%) of the Federal Annual Contribution actually payable with respect to such Project for such fiscal year, provided that if two or more Projects are covered by one contract with the Government for annual contributions, the amount of the Federal Annual Contribution actually payable with respect to each Project shall be determined by pro-rating the total Federal Annual Contribution actually payable with respect to all such Projects in proportion to the development cost of the respective Projects, or (iii) the amount permitted to be paid by applicable State law in effect on the date such payment is made, whichever amount is the lowest. 7 5b/-

(c) The Municipality shall distribute the Payments in Lieu of Taxes among the Taxing Bodies in the proportion which the real property taxes which would have been paid to each Taxing Body for such year if the Project were not exempt from taxation bears to the total real property taxes which would have been paid to all of the Taxing Bodies for such year if the Project were not exempt from taxation; Provided, however, That no payment for any year shall be made to any Taxing Body in excess of the amount of the real property taxes which would have been paid to such Taxing Body for such year if the Project were not exempt from taxation. 7 7a/

(c) No payment for any year shall be made to the Municipality in excess of the amount of the real property taxes which would have been paid to the Municipality for such year if the Project were not exempt from taxation. 7 7b/

(d) Upon failure of the Local Authority to make any Payment in Lieu of Taxes, no lien against any Project or assets of the Local Authority shall attach, nor shall any interest or penalties accrue or attach on account thereof.

4. The Municipality agrees that, subsequent to the date of initiation (as defined in the United States Housing Act of 1937) of each Project and within five years after the completion thereof, or such further period as may be approved by the Government and in addition to the number of unsafe or insanitary dwelling units which the Municipality is obligated to eliminate as a part of the low-rent housing project(s) heretofore undertaken by the Local Authority and identified as

Project(s) No.(s) 7 8/ there has been or will be elimination, as certified by the Municipality, by demolition, condemnation, effective closing, or compulsory repair or improvement, of unsafe or insanitary dwelling units situated in the locality or metropolitan area in which such Project is

located, substantially equal in number to the number of newly constructed dwelling units provided by such Project; Provided, That, where more than one family is living in an unsafe or insanitary dwelling unit, the elimination of such unit shall count as the elimination of units equal to the number of families accommodated therein; and Provided, further, That this paragraph 4 shall not apply in the case of (i) any Project developed on the site of a Slum cleared subsequent to July 15, 1949, and that the dwelling units eliminated by the clearance of the site of such Project shall not be counted as elimination for any other Project or any other low-rent housing project, or (ii) any Project located in a rural nonfarm or Indian area.

5. During the period commencing with the date of the acquisition of any part of the site or sites of any Project and continuing so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes, or (ii) any contract between the Local Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the Municipality without cost or charge to the Local Authority or the tenants of such Project (other than the Payments in Lieu of Taxes) shall:

(a) Furnish or cause to be furnished to the Local Authority and the tenants of such Project public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Municipality;

(b) Vacate such streets, roads, and alleys within the area of such Project as may be necessary in the development thereof, and convey without charge to the Local Authority such interest as the Municipality may have in such vacated areas; and, in so far as it is lawfully able to do so without cost or expense to the Local Authority or to the Municipality, cause to be removed from such vacated areas, in so far as it may be necessary, all public or private utility lines and equipment;

(c) In so far as the Municipality may lawfully do so, (i) grant such deviations from the building code of the Municipality as are reasonable and necessary to promote economy and efficiency in the development and administration of such Project, and at the same time safeguard health and safety, and (ii) make such changes in any zoning of the site and surrounding territory of such Project as are reasonable and necessary for the development and protection of such Project and the surrounding territory;

(d) Accept grants of easements necessary for the development of such Project; and

(e) Cooperate with the Local Authority by such other lawful action or ways as the Municipality and the Local Authority may find necessary in connection with the development and administration of such Project.

6. In respect to any Project the Municipality further agrees that within a reasonable time after receipt of a written request therefor from the Local Authority:

(a) It will accept the dedication of all interior streets, roads, alleys, and adjacent sidewalks within the area of such Project, together with all storm and sanitary sewer mains in such dedicated areas, after the Local Authority, at its own expense, has completed the grading, improvement, paving, and installation thereof in accordance with specifications acceptable to the Municipality;

(b) It will accept necessary dedications of land for, and will grade, improve, pave, and provide sidewalks for, all

streets bounding such Project or necessary to provide adequate access thereto (in consideration whereof the Local Authority shall pay to the Municipality such amount as would be assessed against the Project site for such work if such site were privately owned); and

(c) It will provide, or cause to be provided, water mains, and storm and sanitary sewer mains, leading to such Project and serving the bounding streets thereof (in consideration whereof the Local Authority shall pay to the Municipality such amount as would be assessed against the Project site for such work if such site were privately owned).

7. If by reason of the Municipality's failure or refusal to furnish or cause to be furnished any public services or facilities which it has agreed hereunder to furnish or to cause to be furnished to the Local Authority or to the tenants of any Project, the Local Authority incurs any expense to obtain such services or facilities then the Local Authority may deduct the amount of such expense from any Payments in Lieu of Taxes due or to become due to the Municipality in respect to any Project or any other low-rent housing projects owned or operated by the Local Authority.

8. No Cooperation Agreement heretofore entered into between the Municipality and the Local Authority shall be construed to apply to any Project covered by this Agreement.

9. No member of the governing body of the Municipality or any other public official of the Municipality who exercises any responsibilities or functions with respect to any Project during his tenure or for one year thereafter shall have any interest, direct or indirect, in any Project or any property included or planned to be included in any project, or any contracts in connection with such Projects or property. If any such governing body member or such other public official of the Municipality involuntarily acquires or had acquired prior to the beginning of his tenure any such interest, he shall immediately disclose such interest to the Local Authority.

10. So long as any contract between the Local Authority and the Government for loans (including preliminary loans) or annual contributions, or both, in connection with any Project remains in force and effect, or so long as any bonds issued in connection with any Project or any monies due to the Government in connection with any Project remain unpaid, this Agreement shall not be abrogated, changed, or modified without the consent of the Government. The privileges and obligations of the Municipality hereunder shall remain in full force and effect with respect to each Project so long as the beneficial title to such Project is held by the Local Authority or by any other public body or governmental agency, including the Government, authorized by law to engage in the development or administration of low-rent housing projects. If at any time the beneficial title to, or possession of, any Project is held by such other public body or governmental agency, including the Government, the provisions hereof shall inure to the benefit of and may be enforced by, such other public body or governmental agency, including the Government.

IN WITNESS WHEREOF the Municipality and the Local Authority have respectively signed this Agreement and caused their seals to be affixed and attested as of the day and year first above written.

(SEAL)

(Corporate Name of Municipality)

By _____
(Title)

Attest:

(Title)

(SEAL)

(Corporate Name of Local Authority)

By _____
Chairman

Attest:

(Title)

NOTES IN CONNECTION WITH THE USE OF
FORM HUD-52481, "COOPERATION AGREEMENT"

For general information in connection with the preparation and adoption of Cooperation Agreements, see Section 203.1 of the Low-Rent Housing Manual.

Form HUD-52481 should be used as a guide in drafting a Cooperation Agreement. It is applicable to both urban and rural nonfarm housing. Normally, a Cooperation Agreement will cover low-rent housing to be developed in one locality, and Form HUD-52481 is for use in entering into an agreement with the governing body of the locality in which such housing is to be located. In the event that cooperation is required from an additional governing body or taxing body, a joint agreement or separate agreements with such additional bodies may be used; modifications of Form HUD-52481 will be required, and the Government should be consulted in such cases.

The following notes are related to the use of the blank spaces and the alternate provisions in Form HUD-52481:

- 1/ Insert the name of the political subdivision with which the Cooperation Agreement is being entered into, such as "City of Atlanta, Georgia," or "County of Fulton, State of Georgia," etc. The word "Municipality" is used as a defined term throughout the Agreement to identify the political subdivision, even though in some cases it may be a county or other body.
- 2/ Insert the number of units of low-rent housing to which the Cooperation Agreement applies. See instructions in Section 203.1 of the Low-Rent Housing Manual.
- 3/ Insert the name of the State, indicating whether it is a State or Commonwealth.
- 4/ Omit the bracketed material if low-rent housing owned by the Local Authority is not exempt from special assessments.
- 5a/ 5b/ These are alternate forms of paragraph 3(b). The first alternate form (5a/) should be used when the tax rate in the locality is amply sufficient to assure local contributions equal to at least 20 percent of the average Federal contributions. The second alternate form (5b/) should be used if the tax rate is so low that Payments in Lieu of Taxes equal to 10 percent of Shelter Rents would not have such a local contribution. In either alternate a percentage of less than 10 percent may be inserted if agreed to by the Municipality and the Local Authority. For further instructions, see Section 203.1 of the Low-Rent Housing Manual.
- 6a/ 6b/ These are alternate provisions which may be used in the event paragraph 3(b) is in the first alternate form (5a/). The material preceding 6a/ should be used if Payments in Lieu of Taxes are to be made on the basis of the Local Authority's fiscal year. The material preceding 6b/ should be used if Payments in Lieu of Taxes are to be made at the time when real property taxes would be paid; in this case, the end of the 12-month period in respect to which Payments in Lieu of Taxes are made should be filled out for a period which will allow time to permit the computation of the amount due before it becomes payable. In either alternate, a percentage of less than 10 percent may be inserted if agreed to by the Municipality and the Local Authority.
- 7a/ 7b/ These are alternate provisions. The material preceding 7a/ should be used if a division of the payments in Lieu of Taxes is to be made.

The distribution provided in this paragraph is suggested as being generally the most equitable distribution. If, however, the Authority desires (or the laws of the State require) the distribution to be on a different basis, then the terminology should be appropriately modified. The material preceding 7b/ should be used if no division is to be made or if a separate Cooperation Agreement is entered into with each Taxing Body.

8/ The bracketed material should be omitted (a) if no other Government-aided project is the subject of a Cooperation Agreement between the Municipality and the Local Authority, or (b) if there are such other projects but an Equivalent Elimination Notice has been issued in respect to all such projects prior to the date of initiation of any of the Projects covered by this Agreement..

9/ The bracketed material should be omitted unless the Local Authority desires to base payments in lieu of taxes upon ten percent (10%) of the Shelter Rent actually collected. In no event may payments in lieu of taxes be based upon an amount in excess of ten percent (10%) of the Shelter Rents charged.